

FEDERAL BUREAU OF INVESTIGATION
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FOI/PA# 1178109-0

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OCTOBER 15 1997

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SERIALIZED	FILED
OCT 27 1997	
FBI - MILWAUKEE	

(12/31/1995)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 10/01/1997

To: CID

Attn: SSA [REDACTED]
OC-DOS #2/LCN-IOC Unit
Room 3058

b6
b7c

From: Milwaukee
Squad 4

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

✓ **Case ID #:** HQ 62-C9 (Pending)

Title: INFLUENCE, INFILTRATION AND
VICTIMIZATION OF THE LEGALIZED
GAMING INDUSTRY OVERVIEW

Synopsis: Update reflecting changes in the gaming industry, as well as a short synopsis of any investigations involving offshore 1-800 bookmaking operations and/or gambling on the Internet, within the Milwaukee division.

Details: The state of Wisconsin currently allows dog racing, a state lottery, charitable gaming (raffles and bingo), and Indian Reservation gaming.

The Wisconsin Gaming Commission (WGC) came into existence on 10/01/1992 for the purpose of coordinating and regulating all gaming activities and promulgating all rules relating to legal gambling in Wisconsin.

The WGC was subsequently dissolved, with the responsibility for the oversight and regulation of gambling activities in the state being delegated as follows:

The responsibility for the state lottery now falls under the Department of Revenue. The responsibility for other allowable forms of gambling fall under the newly created Division of Gaming, which is comprised of the following individuals:

Administrator: [REDACTED]

**Director of Indian Gaming
and Regulatory Compliance:** [REDACTED]

92-262-2514

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JAN - 6 1998	
FBI - MILWAUKEE	

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(12/31/1995)

FEDERAL BUREAU OF INVESTIGATION

To: Criminal Investigative From: Milwaukee
Re: HQ 62-C9, 09/09/1997

Director of Charitable
Gaming:

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b6
b7c

Director of Administrative
Services and Parimutuel
Racing:

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In addition to the above, within the Division of Criminal Investigation (DCI), which is under the Department of Justice (DOJ), is the Bureau of Gaming Enforcement. They are responsible for the enforcement of the state's gambling statutes.

There were no investigations involving offshore bookmaking operations or Internet gambling within the division.

(Mount Clipping in Space Below)

Wisconsin resort linked to Illinois probe

**Lawsuit claims cash from
scam went to refurbish
Marquette County club**

BY JO SANDIN
AND KATHERINE M. SKIBA
of the Journal Sentinel staff

The Four Seasons Club, a

nine-hole golf course and clubhouse in Marinette County where mobster Al Capone reputedly relaxed, was linked this week to an ongoing FBI investigation into insurance fraud and money laundering in Illinois.

Wayne Johnson, chief investigator for the Chicago Crime Commission, a private, non-profit watchdog group, said

Thursday that indictments were expected shortly in an FBI inquiry that has been going on for more than a year in the Chicago suburbs of Cicero and Schaumburg.

Scandal has hung around the club on Miskauno Island in the Menominee River ever since the first such resort opened in 1905. Cicero, too, has trouble in its

past.

"We're looking at a town (Cicero) with a sordid past," said Johnson, who noted that Cicero mobsters, including Capone, had sought privacy in the North Woods for decades. "It's not a big surprise to anybody that there should be an investigation

like this in Cicero."

Johnson characterized the FBI investigation as "very complicated," with claims of insurance fraud and money laundering — "basically, any way to make a buck," he said.

Cicero officials claim in a lawsuit that the resort was used to launder \$3.3 million the town paid to an insurance firm in a phony billing scheme, and they want the money back.

Official Unaware

Those who financed the purchase and rehabbing of the Four Seasons near Pembine include the insurance firm; Lila Mae Torello, the widow of a suburban Chicago mob boss; and Cicero Town President Betty Loren-Maltese.

Loren-Maltese "didn't know that a town vendor (the insurance firm) was involved in the loan," Cicero town spokesman David Donahue said Thursday.

Accounts of the arrangements appearing in the Chicago Tribune and the Chicago Sun-Times on Thursday said Torello holds a \$1.6 million mortgage on the resort on behalf of Loren-Maltese and the other lender.

But Donahue said Loren-Maltese didn't know Torello and never saw the mortgage document.

Torello's late husband, James "Turk" Torello, was a reputed loan shark and mob hit man who died of cancer in 1979. Loren-Maltese is the widow of Frank Maltese, who pleaded guilty to racketeering charges in a federal effort to break up a mob street crew run by Ernest Rocco Infelice.

Loren-Maltese says her husband, who was also Cicero's assessor, was a close friend of Infelice since childhood but was never involved in the mob. Federal prosecutors say that Maltese was a mob bookie and fixer.

Lawyers representing Cicero have filed a \$10 million lawsuit to recover what they say was \$4.5 million in overbilling by Specialty Risk Consultants Inc., an insurance firm, and subsidiaries.

According to the lawsuit, at least \$3.3 million of the overbilled money was lent to Plaza Partners, a group that bought and rehabbed the resort.

No Suspensions Aroused

To residents in Marinette County, the lavish refurbishing of the club 1½ years ago seems nothing more than an employment bonanza.

State Rep. Lorraine Seratti (R-Town of Florence), whose district includes northern Marinette County, said, "It has created a lot of sorely needed jobs for the area."

In a county where unemployment has remained 7.2%, much higher than the rest of Wisconsin, any jobs are welcome, added Don Clewley, executive director of the Marinette County Association of Business and Industry.

(Indicate page, name of newspaper, city and state.)

Milwaukee Journal Sentinel
Milwaukee, Wisconsin

Date: 6/5/98

Edition: Final

Title: WISCONSIN RESORT LINKED TO
ILLINOIS PROBE

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or

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Indexing:

92-C262-2515

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"They have employees at the golf course, the restaurant and the lounges," said Clewley, who said he had worked with the present owners, Thomas and Bonnie Lagiglio, "quite a bit in the permit process."

Clewley said the Lagiglios had served as their own general contractors for construction and remodeling work. He said local construction workers were used on the project, but he could not identify any builders involved in the project.

Bonnie Lagiglio, in a brief telephone conversation, declined to say how many people were employed at the club.

"Is this what you're really calling me about?" she asked a reporter. "I don't think so," she said and hung up.

According to Tina Swanson, of the Marinette County property records department, Thomas Lagiglio is listed as owner of four vacant parcels of land on the island assessed at a total of \$36,000.

Special Risk Consultants Inc., of Schaumburg, is listed as owner of almost 173 acres assessed at \$927,320, Swanson said.

At the Marinette Chamber of Commerce, Joy Story described results of the face lift conducted on the public golf club since it was bought in 1994.

"It's a gorgeous spot," she said. "You'd think you're in paradise there."

One thing lacking, however, has been construction of any hotel or motel adjacent to the club, she said.

"A lot of people who visit up here go to campgrounds," she said, "but probably the club is for a special group of people."

A Shady History

When the the Miscauno Inn, the island's first resort, opened Oct. 9, 1905, it



Capone

was intended for a restricted clientele. Built by the old Wisconsin and Michigan Railway, the resort became known as one of the state's richest playgrounds.

However, its early days were more than slightly shady. One of its founders was John R. Walsh, of Chicago, whose dealings with railroad properties earned him a term in federal prison.

When the first clubhouse burned in the 1920s, a replacement was built at the then-astronomical cost of \$100,000.

The Great Depression forced

foreclosure on the lavish resort, which offered stables and tennis courts in addition to its golf course.

In 1934, the entire complex was sold to a group representing 150 Chicago millionaires.

Over the years, rumors spread that the club was an occasional hideaway for Capone, who favored vacations Up North. Capone's patronage was never proved.

Cicero, a town of about 70,000 people on Chicago's western border, became infamous as Capone's headquarters.

The town's latest scandals involve alleged political and police corruption, which is being investigated by the FBI and the Internal Revenue Service.

In Chicago, FBI spokesman Bob Long on Thursday said he would not comment on whether the bureau was zeroing in on the Four Seasons Club.

"I can't confirm and I can't deny," he said. "I can't help you with that."

He noted, though, the FBI's ongoing investigation into alleged corruption on the part of Cicero officials.

Popular Spot for the Mob

Reports that Chicago mob figures have enjoyed the seclusion of Wisconsin's green spots are not new.

Among them:

■ Capone had an elegant 200-acre estate in Couderay, Wis., in Sawyer County.

The place, held in his lawyer's name, gave him a North Woods retreat until he went to prison in the early 1930s for income tax evasion.

■ Joseph Ferriola, once the reputed crime boss of Chicago, had ties to a secluded lakefront estate in Green Lake County.

Chicago area crime figures had at least one meeting in the home, police sources said.

The home was put up for sale in 1988, and Ferriola died the following year, at age 61, in a hospital in Houston.

■ Infelice, the friend of Malesse and reputedly once the boss of a violent, multimillion-dollar gambling ring based in Cicero, reportedly had ownership in two condominiums around Lake Geneva, government lawyers had alleged.

Infelice, now 75, in 1992 was slapped with a 63-year prison term and is behind bars.

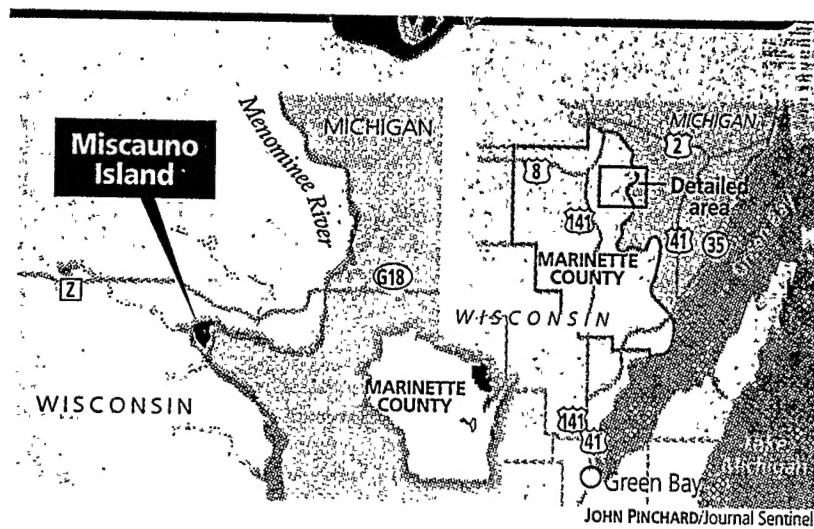
■ Allen Dorfman, a Teamsters Union lawyer and underworld associate, for years had a fishing and hunting lodge near Eagle River. The place, with a private

lake, was called the Jack-O-Lantern.

Dorfman died in a gangland-style slaying in 1983 in the parking lot of a suburban Chicago restaurant. An associate of former Teamsters President James R. Hoffa, he was awaiting sentencing for conspiring to bribe a U.S. senator and for defrauding a pension fund.

Cary Spivak of the Journal Sentinel staff and The Associated Press contributed to this report.

Page Three
MW 92-262
MW 281-0



(Indicate page, name of newspaper, city and state.)

Page 8A
Milwaukee Journal Sentinel
Milwaukee, Wisconsin

Date: 6/6/98

Edition: Final

(Mount Clipping in Space Below)

Title: CAPONE STORIES FLY IN RESORT TOWN

Character:

or

Classification: MW 281-0

Submitting Office: MW 92-262

Indexing:

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JUN 9 1998	
FBI - MILWAUKEE	

92-C262-2516

Capone stories fly in resort town

**Gangster tales surface,
but proof is lacking**

By PETER MALLER
of the Journal Sentinel staff

Pembiné — Close your eyes to imagine the rat-a-tat of machine guns fired by Al Capone's henchmen as the boss boozed the night away at the Four Seasons Club in Marinette County.

Area residents are resurrecting stories of Chicago gangsters vacationing in this densely forested section of northern Wisconsin in the 1930s. The memories surfaced when authorities this week linked the resort to an FBI investigation into insurance fraud and money laundering in Cicero, a Chicago suburb that was Capone's headquarters.

Local residents have gossiped about the property from the time it was developed in 1905 as a playground for the Chicago wealthy.

Flanked by concrete statues of partially clothed women, the elite clubhouse supposedly was the setting for at least two or three shootings and many wild nights at a hidden gambling ca-

sino. But few stories can be verified and most seem to prove false.

"When the new people took over and put millions of dollars into fixing up the place, none of us could figure out where they could get that kind of money," said Dorothy McCorkle, 76, a lifelong resident. "We've all been suspicious. We thought something was fishy."

After a television news story revealed Four Seasons' troubles, McCorkle said friends phoned her to discuss the latest scandal late into the night.

"Everybody I know is talking," she said.

Four Seasons co-owner Bonnie LaGiglio, a Chicago resident who runs the business with her husband, John, said residents didn't know much about the resort because most of them have never been in it.

"The reason we're getting so much attention over what's going on is because people just like to romanticize about gangsters," she said Friday.

Residents in Pembiné, a logging town, have always considered the Four Seasons beyond their reach, McCorkle said.

"From the time they built it, it was never meant for people around here to support it," she said. "We're pretty much working people. We don't have that kind of money."

McCorkle remembered railroad cars filled with Chicago residents visiting for golf outings at Four Seasons.

Stories of Capone and John Dillinger abound in these parts. But nobody can say with any certainty that gangsters were here.

"I've heard lots of stories about Capone," said Harold Johnson, owner of a downtown business. "They say he would be here, but he would send his men into town to buy groceries and other things he needed. So they'd never see him because he was in hiding."

LaGiglio said she expected to clear her name of any wrongdoing connected to insurance fraud and money laundering, the focus of the FBI investigation and a civil lawsuit.

Recent press coverage has "been good for business," LaGiglio said. But, she added, the pressure from the investigation "is a walk through fire."

(Mount Clipping in Space Below)

Club owners are among lawmaker's top donors

Operators of resort linked to FBI inquiry gave \$2,100 to Seratti over 3 years

By AMY RINARD
of the Journal Sentinel staff

Madison — The owners of a Marinette County resort linked to an ongoing FBI investigation of money laundering and insurance fraud are among the top contributors to the campaign fund of Rep. Lorraine Seratti (R-Spread Eagle), records showed Friday.

John and Bonnie LaGiglio, owners of the Four Seasons Club near Pembine, gave a total of \$2,100 between October 1994 and November 1997 to Seratti's campaign fund, according to

state Elections Board records compiled by the Wisconsin Campaign for Democracy, a non-partisan campaign finance watchdog group.

John LaGiglio is a former vice president of Specialty Risk Consultants Inc., an insurance company alleged to have over-billed the Town of Cicero, Ill., for \$4.5 million. In a lawsuit, town officials claim that \$3.3 million of that money was used to purchase and lavishly renovate the 83-year-old club.

According to published reports, LaGiglio was involved in

business dealings in Cicero with two nephews and the brother of convicted mobster Paul Spano.

Seratti said she did not know the LaGiglios personally, although they had asked for her assistance and she had helped them "cut through some bureaucratic red tape" involving their efforts to renovate the resort.

She said she would have done the same for any other constituent.

"If the LaGiglios wish to contribute to my campaign, they can do so just like other constituents," she said. "I know nothing about these people. I have no knowledge of where their funds were obtained. If they were obtained illegally, that is up to the LaGiglios."

Seratti's Democratic opponent in the November election demanded she return the campaign contributions from the La-

Giglios.

Pete Krolow, who announced his candidacy Thursday for the 36th Assembly District seat that Seratti has held since 1992, said the district "does not need to be associated with this alleged scam" involving the club.

"Lorraine Seratti should return those contributions and any others that may have been made to her by contractors and individuals related to the Four Seasons renovation," said Krolow, 26, a blackjack dealer at the Mohican North Star Casino and a substitute teacher.

Seratti, 47, said she would not return the campaign contributions. "That's a stretch," she said of Krolow's demand that she give the money back.

"It's apparent that the Democrats are once again trying to discredit me and my work in the district," she said.

Seratti called the resort "a beautiful facility" that had brought many badly needed jobs to the economically de-

pressed area.

Krolow, who notified the press of the contributions, said that if Seratti refused to return the money, he would continue to raise the issue in his campaign.

"I'm not trying to discredit her," he said. "I'm trying to get her to purify herself by returning the contributions. This issue is not going to go away until she returns the money."

Last year, the state Ethics Board investigated and cleared Seratti after she was accused of improperly using her position to advance a budget proposal to provide \$100,000 yearly to a private organization that her husband runs.

In June, legislators approved a late-night budget amendment to pay the Public Enrichment Foundation for distributing free books to literacy programs and state agencies. Seratti's husband, Larry Seratti, is part-time executive director of the non-profit corporation.

(Indicate page, name of newspaper, city and state.)

Milwaukee Journal Sentinel
Milwaukee, Wisconsin

Date: 6/6/98

Edition: Final

Title: CLUB OWNERS ARE AMONG LAWMAKER'S TOP DONORS

Character:

or MW 281-0

Classification: MW 92-262

Submitting Office: Milwaukee

Indexing:

92-C262-2517

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FBI - MILWAUKEE	

(Mount Clipping in Space Below)

Illinois gangsters have always loved to escape to Wisconsin

A few weeks ago, Wisconsin tourism officials were fretting that Illinois, of all places, had surpassed Wisconsin as a vacation destination. Imagine. "Flatland of a Few Lakes" instead of America's Dairyland. "Up North" now means Rockford. Some thanks we get for putting four-lanes through half the wild areas that once attracted visitors.

But not to worry, it seems. Moline might have won the mom-and-pop and minivan crowd — the pull of a tractor museum can never be discounted — yet Wisconsin will always be married to the mob.

And the mob pays cash. Usually somebody else's, although a cash register doesn't quibble.

"Wisconsin resort linked to Illinois probe," a headline read Friday, referring to the far-off Four Seasons Club on a tiny island in far northeastern Wisconsin. Another headline blared, "Cicero probe wends way to Wisconsin," as if an alleged link to an investigation of missing insurance funds and corrupt officials and shirttail mobsters was somehow bad news.

No, a Jet Ski in your neighbor's cottage driveway is bad news. This is the kind of advertising you can't buy. The very same day the headlines appeared, I saw an ad for The Hideout, Al Capone's Northwoods Retreat and Museum of the Roaring '20s — "the northwoods retreat of Chicago's most notorious gangster" — which



DENNIS MCCANN

wears its mobbed-up pedigree like an honorary college degree. There's not a bar owner in the north who can't point to the very stool where Al Capone once sat and drank.

"Oh, listen, this is gold," said Tom Hollatz, a transplanted Chicago writer who tracked notorious mobsters' footsteps through the North Woods in "Gangster Holidays." That doesn't make him Daniel Boone. Tracking the mob through Wisconsin is like tracking Bigfoot through fresh cement.

Hollatz lives on the very road near Boulder Junction where "Baby Face" Nelson's car spun out and was disabled in 1934, while he was on the run from a shootout that had left one FBI agent dead and another wounded. That was in the bloody aftermath of the Dillinger shootout at Little Bohemia, and "this little, brutal man," as Hollatz called him, walked 17 miles through the cold and dark to seek refuge at the Lac du Flambeau Indian reservation.

(Indicate page, name of Page 8A newspaper, city and state.)

Milwaukee Journal Sentinel
Milwaukee, Wisconsin

Date: 6/6/98
Edition: Final

Title: ILLINOIS GANGSTERS HAVE ALWAYS LOVED TO ESCAPE TO WISCONSIN

Character:
or MW 281-0
Classification MW 92-262
Submitting Office: Milwaukee

Indexing:

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as control files - per
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92-C262-2519

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FBI - MILWAUKEE	

So a North Woods visit from the FBI isn't surprising. It's tradition. And it wouldn't be possible without legendary Cicero, made infamous by Capone and his henchmen, but where even today the town president is a moll.

The late husband of Town President Betty Loren-Maltese, identified in published reports as part of the investigation into insurance money sunk into the Wisconsin resort, was Frank Maltese, Cicero's former assessor and political boss who was convicted of racketeering charges in 1993. He died before he could begin serving his prison term, but voters, perhaps out of sympathy, gave the widow a term of her own. In office.

"They used to say you know you were getting into Cicero when you could smell the gun smoke," Hollatz said. "We need Cicero. It's like the mecca of the '20s."

And Cicero's underbelly needs Wisconsin, just as all of Chicago's underbosses have needed Wisconsin through the decades.

"There's a magnetism about this beautiful place," Hollatz said. "Even gangsters have good taste. You can forget about the machine guns back in Cicero. You can hear the rat-a-tat-tat of the pileated woodpecker instead."

Here's a tourism slogan just crying out for bumper stickers: "Forget about the machine guns..."

For nostalgia's sake, maybe we should revive "Escape to Wisconsin." It's as valid as ever.